

COMMITTEE ON FINANCE

June 2, 2003

7:00 PM

Mayor Baines called the meeting to order.

Mayor Baines calls for the Pledge of Allegiance, this function being led by Alderman Sysyn.

Messrs: Chief Joseph Kane, Kevin Clougherty, Tina Parsons,
Bob MacKenzie, Steve Tellier, Tom Clark

A moment of silent prayer is observed.

The Clerk called the roll.

Present: Aldermen Wihby, Gatsas, Guinta, Sysyn, Osborne, Pinard, O'Neil,
Lopez, Shea, DeVries, Garrity, Smith, Thibault (late), Forest

Mayor Baines stated before we begin the meeting this evening I'd like to put before you...I know we're going to be having some discussions later on about different alternatives to approach the budget challenges that we're facing this year. When I gave my budget message I outlined some alternatives that I wanted the board to look at. I'm going to review some of those this evening and indicate to you how they would impact some of the challenges we're facing with the tax rate to try to keep it as low as we possibly can with continuing to provide vital services to the community especially in the area of Police and Fire and schools. And also look at some challenges and some opportunities realizing that perhaps we won't get agreement on all these proposals or perhaps any of these proposals, but when we get into some of the discussions, not only this year but moving forward, the City must be more creative in terms of looking at some of the opportunities that are before us. The first thing that I'm going to be requesting is that the board, as I did mention during my budget message, is to fund the school deficit appropriation. As you know we're required to handle that issue based on that court settlement that we dealt with. Some of us spent that entire day in court. And fund that through the tax stabilization account, this recommendation has the support of the Finance Officer and the Deputy. I'm also requesting that we manage the \$879,000 retirement increase. As you know we're meeting some very significant challenges with the retirement funds because of what's happening with investments in the stock market in particular. We're going to have to roll up our sleeves during the next fiscal year,

work with the departments, work with the Finance people, and with the Aldermen to absorb and manage that additional requirement for retirement. I'm asking to look at funding, an additional \$400,000 for the Fire Department to deal with some of the issues that have emerged during the budget process related to overtime. Looking at the sale of the Pearl Street School for approximately \$135,000 in additional revenue and I'm once again asking the board to implement the various consolidation and reorganization proposals that I've put before you with an approximate savings of \$325,000. Again I think it could be much greater than that, but I'm asking the board to begin to act on some of these proposals. It's just the right thing to do at the right time. I'm also once again asking you to look at responsible recycling. I've asked Frank Thomas and the recycling coordinator for the City to look at various cities and the way they've implemented recycling. They have done so and they've put together a comprehensive package of how that would work and that will be presented to the board. Again, I understand that's a very difficult issue to deal with politically, but I believe it's the fiscally responsible thing to do and it's the responsible thing to do for the environment. That would create approximately additional budget revenues of \$1,834,430. The thing that you must understand about recycling and I repeat that to the Aldermen and to the public tonight, for every ten percent that we increase recycling, there is actual savings of \$300,000. Let me repeat that once again. For every ten- percent you increase recycling, you save \$300,000. I give the example as I've mentioned before; I have become pretty much a compulsive recycler. When Mayor Wieczorek presented this same recycling program a number of years ago and I think you should have some comfort at least that it's been now presented to you by two different mayors, on two different occasions, that I was very much opposed to it. I really didn't understand the need and the responsibility for recycling, but since I've studied this issue and involved with many issues or studies of it with Frank Thomas and others, I've started recycling. Instead of bringing out three or four containers to the curbside, I now bring an average of one out to the curbside now. So what you now start to understand is other communities have found around this issue, especially in the towns where they have to vote on these issues, and it's been brought up for revote after they've implemented it, chances are they vote to keep it. Because what happens is, if I recycle, and I look up and down my street, and if my neighbors aren't recycling, you now have to translate that into them. You're paying taxes for those people who do not recycle. And all you have to do is think about the leave issue. I buy a very small lot of land; I probably buy 30 or 40 bags between the spring and the fall to clean up my yard. I go to Shop 'n Save or wherever and I buy those bags, I separate them out or any kind of work that I do on my property, I recycle them. I would not want them going back into the main stream of rubbish, nor would you any more. I also had to dispose of two air conditioners recently. I had to pay \$25.00 but they were recycled properly. Again, I understand this is a difficult issue but the more you study that issue, you have to understand that recycling is the environmentally responsible way to go and it's the fiscally

responsible way to go even though it's very tough to accept. Again, if we don't succeed with it tonight or other nights, a year from now or two years, or three or four years from now, this community will probably be forced to do recycling, because we can not continue to transport this solid waste and pay those costs. Again, \$300,000 for every ten percent. It's just right. But anyway, there's a net gain there of over \$1 million. This is only starting the program for half a year. So you can begin to look at what that would mean fiscally for a longer period of time. It would also move the City to weekly recycling, because one of the criticisms that we receive as a city about recycling is that it's not reliable. And the fact if you get into weekly recycling as we do with the collection of trash, I think more people would begin to recycle and also understand that it's very easy to do. When you finish a carton of milk, instead of just throwing it in the trash, you rinse it out and you put it in your recycling. You have a can of Coke or your favorite beverage, you empty it out and put it into recycling. It's a habit thing. We could all do a better job of it. This would reduce transfer and disposal fees. Look at this, \$216,000 for half a year, what we'd be paying simply to pay transfer and disposal fees. So if you look at that, whether you're a fiscal conservative or I guess an environmental liberal in terms of issues like that, how can you not look at that and say this is worthy of implementation. Again it would require a lot of education with the public, but I believe the public is willing to accept something when it's pointed out to them that it's going to save the City money and it's going to save tax dollars which I'm also going to show. This is the program impact. A 30 gallon bag to make this work would be about \$1.00 and a 15 gallon bag \$.75. This is the average tax savings as calculated by Frank and his department, the average household over a 12 month period would save \$71.35 on an average house of \$150,000 household in the City. That would be actual savings on your tax bill on the end of the year because of the money being generated by increased recycling and the implementation of that program. It's fiscally and environmentally responsible. Adjusted updates, allocation, net gain I would apply \$600,000 to allow us to fully open the fire station on October 1st. As I've said to you when we met down at Public Service and I did during my budget message, we don't need to choose between fire and trash or police and trash and teachers and trash, we should simply do the right thing with our trash and generate the revenues and increase recycling to fund necessary services for our community. \$400,000 of this could also be used to reduce the tax rate even further. The resulting estimate of the tax rate with this proposal would be under five percent. Looking at the present revenue projections and again I remind people that we do not set the tax rate during the budget process, it will be set this fall with the Department of Revenue Administration on figures that are verified and certified by the Finance Officer and the Mayor of the City. So as we deliberate and come to a consensus on how to deal with this budget, these proposals provide again an alternative to get us where we need to be, to deliver a tax rate that in very fiscally challenged times a lot of communities are looking at double digit increases, laying off all kinds of service

workers, police and fire, we're not doing that. We're not raiding the rainy day fund to get us through this period in the short term. Again, a lot of communities are raiding rainy day funds. We're not proposing to do that. Simple steps that make responsible decisions for government, relaying it to the taxpayers, maintaining vital services, here's a way to do it, let's roll up our sleeves, do the right thing, and let's put this at least in discussions tonight as we deal with the budget. Thank you very much.

Mayor Baines addressed Item 4 of the agenda:

Report of the Committee on Community Improvement recommending that the FY2004 CIP resolution be amended as follows:

Amend Table 1 by adding:

- 1) 214504 Alcohol & Drug Prevention & Recovery
\$40,000 (State grant)
administered by Office of Youth Services
- 2) 611904 Transitional Housing Operations
\$10,000 (Affordable Housing Trust Fund)
administered by Families in Transition

Increasing the total of Table 1 from \$13,736,529 to \$13,786,529; and replacing the amount on page 2, paragraph 3 of the resolution with the amount of \$13,786,529.

Amend Table 4 by increasing:

511404 Clem Lemire Sports Complex
from \$500,000 to \$1,100,000
(based on bonding capacity created from utilizing old bond balances for the Rines Center)

Increasing the total of Table 4 from \$3,545,000 to \$4,145,000; and replacing the amount on page 3, paragraph 1 of the resolution with the amount of \$4,145,000.

The Committee is further recommending changes to prior year CIP programs with amending resolutions and budget authorizations to be submitted to the Board of Mayor and Aldermen at a later date as follows:

Increasing:

- 1) 511502 School Site Improvements Program
\$80,000 bond – for a total of \$44,027.89
earmarking funds for the Clem Lemire Sports Complex
- 2) 713903 Municipal Infrastructure Program
\$56,320.34 bond – changing Storm Drain from \$85,000 to
\$141,320.34
- 3) 215503 Boys & Girls Program
\$10,000 cash - for total of \$35,000

Decreasing:

- 1) 411403 Cohas Brook Fire Station
\$80,000 bond decrease for total of ~~\$520,000~~ \$620,000 Bond and
\$80,000 Impact Fees
- 2) 810802 Revaluation Phase II and III
\$56,320.34 bond decrease for a total of \$213,679.66

Close outs of cash projects:

1997 510252 Precourt Park	\$14,084.53
1999 750199 MTA Fareboxes	\$480.00
2000 830800 Roof Replacement MTA	\$5,731.14
2001 420301 Hazardous Material	\$681.10
2002 214002 Fire Alarm Liberty House	\$2,122.29
(Total close outs anticipated \$23,099.06)	

The Committee notes that the balance of \$13,099.06 of cash projects is anticipated to be recommended for transfer to other projects. Graffiti removal has been noted as a priority.

Deputy City Clerk Johnson stated Your Honor we would note as you indicated prior that the Item 4 is report of the Committee of Community Improvement. The report is rather lengthy, it goes two pages, I don't believe it needs to be all read because it has been stated as part of the public document. We would just note on page 2 where it says decreasing Cohas Brook Fire Station, it should say a total of \$620,000 bond not \$520,000 bond, which is what the committee had actually looked at. And at this point there is also an additional item that needs to be added and we do want to point out a couple of things on this report. This report was under presumption that everything that the committee had taken up had all of the grant funds in there, there were two additional ones that had not been totally presented. We did present them in the committee's report as part of their intent.

There is another grant that has been advised and that is in the amount \$12,700. It's for the Hazardous Materials Response Planning for the Fire Department, it's a stated funded source and we would request a motion first off to amend the report to include in amending Table 1 that \$12,700 adding that to the table.

On a motion of Alderman O'Neil, duly seconded Alderman Pinard, it was voted to amend the report by adding a State funded grant in the amount of \$12,700, account #411404 – Hazardous Materials Response Planning, for the Fire Department.

Deputy City Clerk Johnson stated and then we would ask for a motion to accept the report as amended.

On a motion of Alderman O'Neil, duly seconded by Alderman DeVries, it was voted to accept the report as amended.

Mayor Baines addressed Item 5 of the agenda:

Resolution:

“Amending a Resolution ‘Approving the Community Improvement Program for 2004, Raising and Appropriating Monies Therefore, and Authorizing Implementation of Said Program’.”

On motion of Alderman Thibault, duly seconded by Alderman Shea, it was voted to read the resolution by title only, and it was so done.

On motion of Alderman O'Neil, duly seconded by Alderman Garrity, it was voted to amend Tables 1 and 2 and Pages 2 and 3 of the Resolution as outlined in the report of the Committee on Community Improvement previously amended and accepted.

On motion of Alderman O'Neil, duly seconded by Alderman Thibault, it was voted that the Resolution ought to pass and layover as amended.

Mayor Baines addressed Item 6 of the agenda:

Appropriating Resolution:

“Raising Monies and Making Appropriations for the Fiscal Year 2004.”

- a) Communication from Alderman Lopez regarding new budget changes for discussion.
- b) Discussion and amendments are in order as the Committee may desire.

On motion of Alderman Thibault, duly seconded by Alderman DeVries, it was voted to read the appropriating Resolution by title only, and it was so done.

Alderman Lopez stated I'll have the Clerk pass out some paperwork here to the Aldermen and the Mayor please. While you're doing that, I would like to say on behalf of the majority of the Aldermen, we feel it is our responsibility to review your budget. At this time I'd like to present, if you'd pass these out please, some amendments to your budget. In talking with some of the Aldermen, we have decided in order to keep the services for the citizens of Manchester and at the same time lower the taxes as much as we could, I believe that this proposal does that in these trying times. I'd like to point we have talked to some departments to increase their revenue, the following departments to increase their revenue by three percent and some others by more. Like the Planning Department. Increase revenue of \$34,000, Building Department \$60,000.

Mayor Baines interjected why don't we wait until all of the Aldermen have it in their hands.

Alderman Lopez stated I'm going to go through that Your Honor, I'm just making a statement. And some other departments by more like \$114,000 from auto registrations, increase parking garage fee of \$5.00 that will be effective January 1, 2004, and some other items that I will explain in a minute. Understanding that department heads shall take care of all necessary paperwork that has to be done to make this revenue happen. We are policy makers, it will be up to the department head to increase where he must or she must. It is not up to us to do this work. We think the department heads can increase where they have to. Cities across the nation are increasing revenues to help the taxpayers and we Aldermen, that's exactly what we did, to try to help the taxpayers in preventing in this proposal. We need to open the Fire Department as a commitment as soon as we can and for the safety of the people of Manchester. By doing that we added \$600,000, which is in a fire station. Now I'd like to go through the items that I passed out. You should have two pieces of paper, one the budget and one an explanation. The far right will give you the letter of explanation and a separate sheet will tell you what that is. Under A, sell 628 Hanover Street property for \$150,000; add revenue to the Assessor of \$16,868; and we add \$60,600 to the Building Department and that appropriation of \$52,569; the City Clerk add a revenue of \$48,375; Economic

Development sell the Pearl Street building for \$135,000 to reduce the appropriate by \$142,651; sell off all excess land of \$650,000; the Solicitor's Office add revenue of \$9,313; the Planning Department \$34,000 revenue; the appropriation of the Building Maintenance Department of \$123,695; the added appropriation of \$600,000 to the Fire Department; revenue for the \$9,450; the Police Department additional revenue of \$56,006; the Health Department \$54,815 and add appropriation of \$65,000; Highway Department \$103,554 with and added appropriation of \$266,000; Traffic Department revenue of \$279,216 with added appropriate of \$10,400; the Welfare Department an increase of revenue of \$25,000; Parks & Recreation an increase in revenue of \$19,088; Contingency reduced by \$20,000; and I was told today and the Finance Officer can verify it, to adjust county tax of \$330,153. If we did this, the tax rate would be \$26...I'm sorry thank you...the fund balance which takes ten votes is \$581,077. If we did this, our tax rate would be \$26.90, bringing the tax increase to 4.75 percent. I do also want to make one other comment here, and that is the recycling. The recycling is not in this budget, but I think the Mayor has made a very good point and I think that after this budget is passed that the responsible people should be reporting to committee and organization to see what's being done so this can be looked at the citizens of Manchester can have the full information, because I haven't not had one person tell me they wanted recycling. I believe in it, but the people just don't want it. It's an added cost and I think the education has to be put forth before implementing recycling. At this time I'll take any questions Your Honor.

Alderman Lopez moved to amend the appropriating Resolution as he presented to \$105,506,576. Alderman Shea duly seconded the motion.

Alderman Wihby stated there's \$650,000 sell off excess land. Did we find some land to sell off?

Alderman Lopez replied I believe that the City Clerk has been working on that and I realize there is some land in the City that can not be sold because it's small 20 X 20 lots, but I believe there are lots in the City that need to be sold and I know that there are lots, for an example down at Riverdale, I think there's four lots down there that could be sold tomorrow if we put them on the market. We've been talking about this since the last year we passed the budget and it's a lot of work for her to do, but I think she's prepared to bring something forward and we have to identify it and have the Mayor set the pace and do this stuff right away before October 1st. To get at least a bill of sale in hand.

Alderman Wihby stated we've been talking about selling land for 15 years and it just seems like we don't do it because there's always something more to it. And last time we took a big number, I don't think it was as high as \$650,000, whatever \$400,000 or something...\$750,000 we took? We never made it. I don't think we

got anything from it, and we had to make that up in the budget process. I don't know why all of a sudden we think we can make \$650,000. I noticed in the...and I want to commend you to do this, doing this in the past, but I guess I look at this sheet and there's nothing really there that's cut. All we did was add to everything. We added what we want to do for appropriations and then we decide that we're going to add a little more to take care of the appropriations, so we just added revenues.

Alderman Lopez stated I think you make a very good point Alderman Wihby. We did add. But it was very important that we added in place that where we would lose services and lay off people and put a hindrance on the departments in order to provide that service. We have talked about this before, we could lay off 200 people in the City and I don't know what the thing would happen on the services that we would provide. I think that we have to look at this thing and look at it and follow it right along instead of waiting from year to year on the budget. The minute this budget is passed I think that we have to continue working through, not just waiting until next year's budget.

Alderman Wihby stated if you look at these numbers, there's at least \$1.6 million of one-time revenue. \$1.6 million. So if you think you have a problem this year, wait until next year by passing this. Until you guys understand that the only way of saving money in taxes is by reducing expenses and that's going to make some decisions. It's got to be done sometime. But there's \$1.6 million of one-time money. That's not going to solve the problem.

Alderman Lopez stated to answer your...you can cut your expenses or add revenue or increase taxes, one or the other. It's that simple. You know that.

Alderman Shea stated I know that Alderman Pinard and I would not want to see a fire station not open. I know that there is a fire station up there, and I don't know if anyone in the city would want not to pay taxes to open up a fire station Your Honor. So that \$600,000 that I think is very important. I think that if we want to cut certain expenditures, then it's up to people to tell us where they want to cut them and why they want to cut them Your Honor. In other words, if people feel that this fire station should open, then let them say that. I know for one Your Honor, and I'm going to make a public statement. 2 Alderman Lopez At-Large earned my support for Alderman At-Large Your Honor. He worked so hard to do this work. I know others of us have contributed, but he can justify his Alderman At-Large status Your Honor because he's helping the taxpayers of Manchester and he himself worked interminably on this budget and I for one support it. It comes in lower than your budget, lower than your second budget Your Honor, and we can reduce expenditures even more Your Honor later on in the evening and if people are willing to go along with his Your Honor I think that we can do a lot more

reducing. And that's where I think we're not reducing services, we're providing services for people who need services. And we're not nickel and diming the City Your Honor in terms of trying to cut expenditures at the expense of public service and I for one Your Honor feel that this is a justifiable budget and I commend all of the people who have contributed, but most especially Your Honor Alderman Lopez Your Honor. He's done yeomen work and we have given credit I the past to Alderman Wihby who has come in with his budget, and I think it's time we give honor or at least recognition to Alderman Lopez Your Honor. Thank you.

Alderman DeVries stated I think it's also important to recognize within the Fire Department that this is not just adding appropriations into their budget, this is money that is going to be dedicated specifically towards getting that new station on East Industrial Park Drive open and open in a timely fashion. The construction is ahead of schedule. The recruitment of the individuals is not, so there is still a training phase and November 1st is an appropriate time for that station to be available to the taxpayers. The apparatus is not yet in place for that. There is still pain within this budget and specifically for the Fire Department and we can bring Chief Kane up because I'd like to have him on record. The Chief of the Fire Department had requested addition monies to address what he felt was going to be a necessary amount of money to address his overtime needs. He had asked for in excess of \$350,000 more than what we are allocating into his budget. What we are asking of Chief Kane is that he continue to manage his overtime budget frugally through the year with the understanding that the intent is not to put apparatus out of service in order to achieve that. We are not looking to reduce the current complement of fire protection afforded with the City of Manchester. I think it would be wise with that overtime budget at the Fire Department that they report monthly to our accounts committee to do a reconciliation with the accounts committee to see how that use of fire budget is going to go. Because your overtime traditionally is used in the summer, we will see it July, August, September and then again November, December. So by December of next year, is it fair to say that you will most likely have used the majority of your overtime that is being allocated in this budget?

Chief Kane responded yes. We would anticipate that that is probably the target for the expenditure of the budget. As you know the budget and the overtime can fluctuate depending upon activities of the department. But we'd be more than happy to meet with the committee on a monthly basis and report back to the committee and work with the committee so there's a greater understanding of exactly how that budget works.

Alderman DeVries asked if I can follow up with that? Without a doubt, what that is going to accomplish is the question marks that everybody has on the Fire Department overtime use, because it is a significant dollar that we all questions and

we look for better comprehension. So by going through that monthly process of explaining the use and how segregating that out by individual items we'll be able to understand the appropriation and how it is being used up. It is also going to assure us that you are being frugal with the overtime use and in exchange that you are not putting apparatus out of service to the City in order to accomplish your overtime budget. We will be seeing Chief Kane hopefully coming back monthly and that would be December that this will be starting. I just want the rest of this...any individual sitting on the accounts to recognize that starting in December is when this budget would be depleted. So it's not an end of year depletion, year-end fund balance that he will be dealing with.

Chief Kane stated and I should starting next month give a monthly report to the Committee on Accounts.

Mayor Baines stated before you leave the seat I want commend the Chief and the Fire Department for the wonderful ceremony last week with the remembrance with all of the firefighters in our City that have died in the line of service. That was absolutely spectacular and what an effort to pull that together. So congratulations for a job well done.

Alderman O'Neil stated I just want to say that in my opinion this budget has input directly or indirectly from every member of this Board of Mayor and Aldermen. I can think back not too long ago where Alderman Garrity was talking about taking a look at revenues in the City. Specifically the Fire Department but I think he was talking about revenues in general. I think this budget addresses that. I know Alderman Gatsas for several years has been talking about overtime in the Fire Department, as has Alderman DeVries since she's joined us. One of the conclusions I've reach is, and I think the Chief would agree with this, we really don't have a good handle on the numbers to make a decision what overtime is attributed to the line fire service, what's attributed to training, what's attributed to port services, that hopefully by Alderman DeVries suggesting that they meet with the Committee on Accounts monthly they'll be able to get a handle on that and we can make a reasonable decision on whether or not in the future to add positions to reduce the overtime number. Certainly staying on the topic of fire. Alderman Pinard has, I don't thing there's a meeting that passes that I don't here something from my left about the Cohas Fire Station. This I believe will allow the department to start hiring personnel somewhere around November 1st and I commend the Board of Mayor and Aldermen for that. So this budget I think is a step in the right direction. There is a minimal impact to the taxpayers in this city, we maintain vital services in this city, without addressing the Highway Department we're looking at probably ten lay offs there. That's direct services to the taxpayers of this city that are going to be impacted. So I commend the work led by Alderman Lopez, but that all the board has played in this budget and hope we lay this over today.

Alderman Gatsas stated question for Kevin. Kevin if the appropriation to schools is \$700,000 less with the grant amount, what happens?

Kevin Clougherty replied when we go to set the tax rate that difference will have to be made up in the form of taxes or through some other means. We'll come back to the board between the period that the information is available from the State and they'll have to make some corrections or the rate will go up.

Alderman Gatsas asked if the budget has been set for the school department and they are \$700,000 short of revenue, what happens?

Mr. Clougherty replied the tax rate will go up Alderman. When we go to set the tax rate, the resolution that's adopted has a certain level of expenditure and if the amount of non-property tax revenues is less, then the tax rate will increase.

Alderman Gatsas asked but if we've allocated \$127 million for their budget, how do we get them additional revenue?

Mayor Baines replied first of all I would ask the State not to do that and I would hope that the State in it's budget deliberations would not shortchange the taxpayers of the City of Manchester by delivering \$700,000 less than was promised. So I would hope that would be the first step that we would not come out of Concord not meeting the basic obligation as promised to the taxpayers of the city and the school children of the city. But Mr. Clougherty is absolutely correct during my budget message. That number that we use could go up or down and we'd have to deal with it accordingly.

Alderman Guinta asked Alderman Lopez, are you going to provide a more specific answer to...I mean almost every line is a revenue addition. Do you have an idea...? Are you going to give us something that tells us for example in traffic where the extra \$279,000 comes from? I guess I'm trying to...how did you determine those additional revenues?

Alderman Lopez replied I do understand your question and I believe on May 27th I provided the whole board with an increase of \$4.00 in the parking permits and if you have that letter with you, but if you don't, that would increase \$141,216, by increasing the permits downtown from \$31.00 to \$35.00, the millyard on street 783 spaces \$31.00 to \$35.00, millyard surface lots, there's 1,153 permits from \$36.00 to \$40.00, downtown surface lots 828, \$41.00 to \$45.00 for a total of 2,944 permits that we give in the city for people to park their cars for ten hours. So that comes up to \$141,216. In speaking with some of the other Aldermen, an increase in the garage for an example of \$5.00 and they want it to be effective January 1, 2004 so

that increase would be \$24,000. And the others \$114,000 of the \$1.00 registration fee for vehicles.

Alderman Guinta stated Chairman if we for example lay this over and then we end up adopting this budget and we fall short... First of all, when do we have to implement all of these added fees in order to make these revenue projections?

Mr. Clougherty replied if you lay over the current budget, Alderman Lopez met with the Mayor and I this afternoon, it's the first time that we had a chance to look at some of the revenues and the Mayor suggested we take a hard look at that over the next week, if that's what the board's direction was going to be, so we could report back some of the details that you've asked of Alderman Lopez. And I think he agreed to pursue that path. If the revenues don't materialize, and we don't have some sales agreements, or you haven't enacted the necessary local ordinances to do all of the programmatic things that the Alderman is talking about, then we will be back to you in the fall. We will be back to you in October and tell you what the magnitude of the shortfall is and at that point the board will have to take a look at it's fund balance situation, it will have to take look at possible revenue adjustments at that time, or cutting expenditures. And that's not unlike what we've done last couple of years to manage the budget, but it will be the same situation Alderman, it will be no different. If revenues don't materialize, we will not be able to verify to the State and sign the forms that the likelihood of them coming to fruition is real, and that there will have to be some actions the board will have to take between now and then to manage through.

Alderman Smith stated going back I just received this letter from Kevin in regards to the NH Senate for Approved Education Funding. What was the funding last year? From the State?

Mr. Clougherty replied \$42,283,387.

Alderman Garrity stated I still haven't gotten an answer to this yet, but how come the MTA line item is increased up to \$850,000 from \$725,000?

Alderman Lopez replied that's a separate resolution. I think Carol we have that tabled if she wants to explain it.

Mayor Baines interjected why don't we wait until we deal with that Alderman Garrity.

Alderman Garrity stated but it has a tax impact.

Mayor Baines stated we can deal with it now.

Deputy City Clerk Johnson stated it is listed as a tabled item on your agenda this evening. It's the second to the last item. The resolution was initially submitted by the Mayor for \$850,000, that was the Mayor's recommended budget. Beyond that I...

Mayor Baines interjected it was basically...again Randy if...just talking about the MTA appropriation, that was the figure that they needed to...again they're based on matching funds, federal funds, to not cut back on bus route services. If we came in with a number less than that, they were talking about getting rid of some of the services that were available in terms of bus routes in the City. And again, whatever dollars we appropriate, there's a match.

Alderman Pinard stated real estate property that the City owns. I'd like to request a listing of all properties in the City that could go on the market. We've been talking about that for months and I think that it's about time at the next meeting that we have to have that.

Alderman Thibault stated it's already in the process through the City Clerk. We're waiting for the list.

Alderman Wihby asked Kevin you said that adding these revenues back in and we'll come back and talk to you in September if they don't materialize. And then you made a comment that that's something that we've done in the past and I guess I have to disagree with that. We've never done it where we haven't had taken the vote before we passed the budget. So if we ever increase parking fees or whatever, we always had to make sure that before we passed the budget there was a vote by the committee that increased the rates to make sure it was going to be done. Before we sold land, we had to make sure that we had the estimates and we knew what we were going to sell before we passed the budget, not come back in September and say well we're just going to come back to you then. You look at what's in front of the State Senate right now regards the budget, and it's another \$700,000 in school funding that left, that's not there. So it's nice to pass this budget and say it's 4.75 percent, we're not going to materialize these revenues and we're not going to get \$700,000 more. The Governor was very specific when he took office, he told everybody back when he took office don't expect more than last year. And the number is higher than last year, but it's not as high as the number that's on here by \$700,000. So we're only kidding ourselves if we think we're going to pass this without making any further cuts. I notice the consolidations aren't on here, I don't know why, because that does save money. But if we don't make the further cuts, you're going to end up with a seven percent because you're not going to get these revenues and you're not going to get the extra money in funding for the schools.

Mr. Clougherty stated what I was referring to Alderman is, in the current year's budget there was money included for the sale of the garages that didn't materialize and when we came back this fall we had to deal with that as part of the reduction in assessed valuation and some other issues that we were facing at the time.

Alderman DeVries stated I'd like to bring to everybody's attention to. Not even built into this budget but certainly could be...we have an unaccepted purchase and sales agreement on the Canal Street garage which could net us half a million dollars today above what we have for outstanding debt, could easily be built in to cover a portion of that \$650,000 revenue number. We believe that if we properly address the parking fees that the assessed value or the actual purchase and sale then could be closer to the assessed value which I believe is \$4.2 million, which could net even more that could be built in. But that's something that I think can be looked at further over the course of the next week before we adopt the final budget.

Mayor Baines stated but also in fact if you sell the garage, then some of the anticipated additional revenues would not materialize as well, so you have to also have to take that into consideration as well.

Alderman DeVries replied correct, and we will look at that over the week.

Alderman Shea stated a couple of points. Kevin did mention about coming back in October, so we would reopen the budget. Is that what you're suggesting Kevin? If that were possible to make up that \$700,00 from the schools.

Mr. Clougherty replied, as you know under the Charter, there are different ways to approach the situation when the City has money that's unanticipated or there are reductions. But we are required to do under the Charter if it becomes apparent that we're not going to make the revenues, I have to inform the Mayor and he has to inform the board and the board has to take the appropriate action. And whatever that action is...

Alderman Shea stated but another scenario could be that the school department if they were given \$700,000 less could during the course of the year try to make up some kind of deficiency in terms of whatever their expenditures might be. I know that they have money set aside for salary increases, whether that's funded or not would depend upon whether that's accepted by the teachers and administrators. So in other words, would we have to make a decision in October regarding the \$700,000, or could we put off that decision and see how the budget is operating over the course of the year in order to meet the obligation that has to met in terms of funding it?

Mr. Clougherty replied I believe Alderman that you'd have to make that decision in the fall. You'd have to make that as part of the tax rate setting. Now the point you make to us, could the school district as part of their administration or management of that year's budget provide for additional fund balance that they might be willing to allocate to reduce taxes. But you would want that commitment and you would want that analysis done in the fall to be sure that it's going to materialize at the end of the fiscal year. And on that point again the Charter is a little bit separate in how it deals with the school budget, so I'm not sure exactly what the process would be there. I'd check with the Solicitor's Office on that.

Alderman Shea stated I want to be clear. If the school department comes in in October and says we are \$700,000 short because we are being shortchanged from the State for whatever reason, can we then say to them we are not going to give you \$700,000 in October? We are going to wait to see how your budget develops during the course of the next six or eight months before we allocate additional money. You're saying we can't do that? In other words we have to increase their budget by \$700,000 or can we say to them we aren't going to give you any more money now, but if you need additional money, that obviously you need to have because to run your department or whatever you call yourself, your district rather, that we will then do something to help you out as the year progresses? Can we do it that way?

Mr. Clougherty replied Alderman I think once you make the appropriation that's what's the controlling action as far as the State and the tax rate is concerned, and if the revenues that are anticipated are going to be short, then there's somehow that that shortage of revenues has to be made up. Now if the school district has the ability to reduce it's spending for the year by an equal amount that can guarantee they're going to have a fund balance at the end of the year so that that could be somehow applied, that might be one avenue. But again, I'd want to check with the Solicitor's Office to make sure that the rules of the Charter are not being violated.

Alderman Shea stated now a second point Your Honor. If in the event that for whatever reason the revenues that we're suggesting that we would receive, for whatever reason do not materialize, don't we have something in place namely a rainy day fund to make up that deficiency?

Mr. Clougherty replied the rainy day fund as we've explained in the past Alderman is for down turns in the economy. Things that are the result of unexpected economic situations. I don't think overestimating revenues falls under that definition and would be frowned on by...

Alderman Shea interjected nobody is overestimating revenues, we're estimating revenues predicated upon the information that we have Kevin. What I'm saying to you is, at the end of the year when it comes time to balance our books, is it possible to use whatever money we have in our rainy day fund to make up any deficiencies that we may have by not having realized revenues in certain areas? Is the answer yes or no?

Mr. Clougherty replied it's neither. The answer is that Alderman. The answer is that if you get to the end of the year...

Alderman Shea stated now wait a minute, I don't come from that planet. I either have a yes or no. I don't know where you're coming from but I mean, you know, if it's neither what is it? Where is it?

Mayor Baines stated Kevin let me interject something here because first of all we're not going to go to the Department of Revenue Administration in the fall with revenues that the Finance Officer does not certify as revenues. So that's what I keep telling the board. The board does not give some guidelines around revenues that we're going to be verifying. Kevin and I saw these numbers for the first time today, we're going to go through, talk to the department heads and verify those revenues. Once the Finance Officer does that, the Finance Officer and the Mayor are the two individuals that sign off on those revenues that have been certified by the Finance Officer.

Alderman Shea stated that's not what I'm asking though Your Honor.

Mayor Baines stated no, no. I'm just putting that as a backdrop.

Alderman Shea stated but I'm asking if in fact after you certify and write off, will the rainy day fund cover those things?

Mr. Clougherty replied Alderman if we go to...if you pass this budget as it's presented and it moves forward and we do not have in October the funds from the sale of the property for example, then those dollars will not be included for tax rate setting purposes at that time. If that's the case then, what's going to happen is either the tax rate's going to go up because DRA is going to say we're going to have to raise that money in taxes to cover the expenses, and at the end of the year you won't have a deficit so you won't be hitting the fund balance. So it's far in advance of that. Or the other option at the time we set the tax rate is cut expenditures. At that point you would cut expenditures so that the taxes would not be increased and that has been done by the board in the past. So you'll have some options at that time, but you have to understand that in the absence of...it's very difficult for me, and I think as the Mayor said, to verify the sale of \$650,000 worth

of land today, but I can tell you that if I don't have something in the fall it will be almost impossible to include that for the tax rate.

Mayor Baines stated but I think to answer Alderman Shea's question, if the certified revenue figures are not met and you have a revenue deficit that translates into greater than your fund balance at the end of the year, then the answer is yes, you could tap the rainy day fund. So if you had a gap of your revenues and you did not have a fund balance to cover that amount of money, that difference could be taken from the rainy day fund. That is the answer to your question.

Alderman Wihby stated I guess I want to go back there Your Honor. If in fact there's \$1 million worth of land that we say we're going to sell. If we don't sell that by the time you set the tax rate in October, Kevin are you going to allow that \$1 million not to be counted that revenue counted?

Mr. Clougherty answered no.

Alderman Wihby continued so that \$1 million is going to go on to the 4.75 percent unless this board says they want to cut \$1 million?

Mr. Clougherty replied right.

Alderman Wihby continued so we might as well not play that game. We're not going to sell \$1 million worth of land by October. They're not going to do that. You don't even know the land parcels yet.

Alderman Lopez stated a couple of comments I do want to make in reference to the selling of the garage. The \$5.00 increase only increases that \$7,500 and we spent about \$227,000 in expenditures for maintenance of that garage and revenue comes in about \$260,000. If that garage was sold, it would be on the tax roll so we would get more revenue. The point I wanted to make there, some good comments have been made by Alderman Wihby and I agree with you. But I want to say this is a real serious business that the department heads have got to understand that henceforth the direction that we, this board, gives should be a directive as to what we want them to do. And that's all we're asking. We'll direct them, they'll do it, but also at the same time, which I had a conversation with the Mayor, if we move forward on this and the Finance Officer and they're going to get together, he will implement and not wait until October and they say well we sent in the ordinance you have to do this, so we can't do this. Now if this budget is passed, the minute it is passed they have to start working on the necessary stuff and in the next five days they'll be telling the Mayor and the Finance Officer when those revenues are going to come. You know we talk about micro management. I don't want to micromanage. We pay enough money, with all due respect to department heads,

we give them direction, we let them go, and they're intelligent enough to find where the resources are and what they have to do with their budgets to make that extra revenue and we'll address the problems as they come along. Mayor Baines stated again, the vote tonight is just to move this budget forward and lay it over until next Tuesday's meeting a week from tomorrow.

Alderman Wihby stated Your Honor we have the fallback budget being yours, so if we replace this with your budget, then what happens?

Mayor Baines replied we're back with the scenario again. Again, I presented to the...I have great respect for the work that's gone into this alternative budget and if it's passed we're going to work to make it work. If you remember...

Alderman Wihby interjected if the board doesn't vote, if this is changed, would we be changing your numbers?

Mayor Baines stated then my number remains what it is. You don't open the fire station until...

Alderman Wihby asked so you hope it doesn't go back to this? You're number is not now changed to this? It's still going to go back to your number.

Mayor Baines replied that's correct.

Alderman Gatsas stated Your Honor three year ago we talked about a self-insured health plan and I was guaranteed we were going to look at it. Three years ago we started talking about a self-insured health plan. We looked it, we looked at savings, we had people come here and tell us it was an avenue we could go, we could save \$1 or \$2 million. That's gone by the wayside. We've had bond counsel come before us, tell us that one-time revenues isn't a way the City should go. We're talking one-time revenues again and we're anticipating reducing taxes with one-time revenues. I warned the board two years ago about doing that and we're in that position now. We now have a shortfall of \$1.2 million that was assessed to the City for retirement accounts for the State. An additional \$800,000 for retirements that we had a shortfall here and \$1.6 million in revenues that we're anticipating on sales of one-time revenues. That's \$3.6 million of one-time money. Kevin what is \$3.6 million on the tax rate?

Mr. Clougherty replied every million we calculate about \$.20 cents. In terms of percentage, every one percent is about \$1 million.

Alderman Gatsas stated so it's 3.5 percent that we're looking at to open our books next year. When we looked at what we were doing with employees, and I said that we were 15 and 20 percent higher because somebody came in and appropriated or told us that the study they did that that was factual. But we didn't listen to any of that and we continued to gross wages. We're at a crossroads here in the city and either we get control of the spending or the tax rate is going to initially go up, as you just heard from Kevin Clougherty, at least \$3.6 million in one-time spending we've got to make up next year. Now if that doesn't happen, I don't know how we're going to rectify the problem that we're in already, and that's without wages going up, that's without health insurance costs going up, so we're looking at it and we're doing nothing to correct the problem other than saying it's one time money.

Alderman Forest stated with due respect Alderman Gatsas in reference to the health insurance. I know we haven't received any you know savings on it, but it hasn't gone by the wayside and I believe that Ms. Lamberton can explain that. I think we sent letters out to companies that said they could save us money, and they never even replied so it's not our fault that we didn't save that money. And we have made some progress in new hires by requiring that they go on HMOs, so I think we have some savings there. So that's another thing that hasn't gone by the wayside.

Mayor Baines stated and also with due respect in terms of grabbing hold of expenditures, I think we've come in with net increases in expenditures under my proposals to stay with the rate of inflation, we are trying to rein in spending much different than the responsibilities that were thrust upon us coming into office. Some of the obligations that have been made, it's a much different fiscal scenario that we've looked at and we've been in circumstances, a very significant downturn of the economy as well.

Alderman DeVries stated I just had a question for Alderman Gatsas. When you built the numbers that you were putting into the 3.5 percent deficit that we're going to start next year with, didn't I hear you include the pension shortfall that we have so far this year?

Alderman Gatsas replied that's correct.

Alderman DeVries asked so you're already estimating that we're going to duplicate the pension shortfall again next year?

Alderman Gatsas replied unless you've seen something in the stock market in the last two years that I haven't, then that deficit is going to be there. The shortfall is there, it's in front of us, we knew about the State shortfall in October, we were told about it, we should have anticipated the shortfall coming forward that we have in the city.

Alderman DeVries asked Finance do you have an opinion on that?

Mr. Clougherty replied the difference between the State and the City is that we saw the increase last year. We saw the first increase last year, what was unanticipated, was the magnitude of the second year. And I think that's what's going to have a problem at the State level is they could have a hard second year, so I think the Alderman's point is, this is going to be sustained over a series of years. It's not going to be a one-year aberration.

Alderman DeVries stated I know that personally my funds have leveled off. I am not seen the kinds of losses that I saw previously. Are you telling me that the funds that our pension system has invested in are still continuing to lose at the same rate that they lost over the last 48 months?

Mr. Clougherty replied no I'm not Alderman. What I am saying is that there are other factors that go into it other than just your earnings and with respect to the actuarial approach its spread over time and you are seeing an increase in the number of people retiring, you are seeing an increase in the amount of pensions that they are receiving, dollar values, and those things will have an effect. Is it going to be the same magnitude of increase? Is it going to be flat and have no increase? I doubt that.

Mayor Baines stated the only other response to that and again, I know there's some tough decisions to make. You do still have your options before you, of consolidation of City departments, you do have recycling issues, you have other issues that we can look at over the next 12 months before we get into the budget to deal with these issues. And we need to deal with these issues. I agree with Alderman Gatsas on that.

Alderman Shea stated just by way of thinking, I'm hoping that because we are going to be approving certain economic development projects Your Honor that that will add to the tax base. I'm very hopeful that that will happen and secondarily, one of the problems that we have had is the investments that we're receiving for the interest or dividends that we're receiving, and hopefully with the incentives that the Republican administration both at the federal level have put in, we're supposed to see additional rates go up Your Honor. So I'm hoping that as a result of those things, that we will not have to be faced with this but, I think Your Honor we're saying now that we're taking steps that are somewhat not drastic but somewhat difficult to take. Maybe the most difficult types of action we'll have to take is next year that other communities are doing now, reducing the amount of manpower in different departments and I think that that's something that we'll have to keep in mind.

Mayor Baines stated I appreciate that but I'm also asking if once this budget is adopted we roll up our sleeves and start addressing those issues in a very serious way to get these costs under control and we can do it. There's no question.

Alderman Forest asked can we move the question please?

On motion of Alderman Forest, duly seconded by Alderman DeVries, it was voted to move the question. Aldermen Wihby, Gatsas, and Guinta were duly recorded in opposition.

Mayor Baines asked that the Clerk put the question before us.

Deputy City Clerk Johnson stated Your Honor the question on the floor was, the motion was made by Alderman Lopez and seconded by Alderman Shea to amend the Resolution to \$106,506,576. We're looking for a vote on that motion.

Mayor Baines called for a vote on the motion to amend the Resolution to \$106,506,576. The motion carried with Aldermen Wihby, Gatsas and Guinta duly recorded in opposition.

Deputy City Clerk Johnson stated the next would be that the Resolution ought to pass and lay over as amended.

On motion of Alderman Shea, duly seconded by Alderman Pinard, it was voted that the Resolution ought to pass and lay over as amended. Aldermen Wihby, Gatsas and Guinta were duly recorded in opposition.

TABLED ITEMS

Mayor Baines addressed Item 7 of the agenda:

Appropriating Resolution:

“A Resolution appropriating to the Manchester Aggregation Program the sum of \$820,634 from Aggregation Fees for the Fiscal Year 2004.”

On motion by Alderman Thibault, duly seconded by Alderman Shea, it was voted to remove this item from the table.

Alderman Forest moved that the appropriating Resolution ought to pass and lay over. Alderman Osborne duly seconded the motion.

Alderman Lopez stated I was wondering if we could call Tina Parsons up. Everybody received the report and I want to thank Tina for putting this together because there have been a lot of misconceptions in reference to this report before the report was handed out. I would like Tina to go through because there might be some questions, everybody got a copy of it and it was placed on the table just to explain how in the future since we have a \$1.6 million debt that if we do away with this we'd have to cover that particular debt and at the same time she could explain the work-in-process of \$140,000 on the dam, I think. Is that the hydro dam?

Tina Parsons replied yes.

Alderman Lopez asked so if you could explain just briefly in reference to other questions since we've had some conversation.

Tina Parsons stated before I begin one of the spreadsheets that I provided to you about the energy efficiency projects, that has an addition error in it. I pooled the total to the bottom but in the middle I didn't subtotal the fire station work, so that's double counted. And then what I thought I would do is provide the board in addition to that the projects that we're currently working on, so if the City Clerk wouldn't mind passing these out. They are in similar format. In essence what you have before you is a summary of the projects that we have worked on since the inception of the MAP program and those Aldermen who are fairly new to what the Manchester Aggregation Program was put together for and how it came into existence. We had looked at energy rates and natural gas rates and our consumption. The energy cost to the City amounted to the fourth largest expenditure that we have, so we thought as part of everything that rolled out a number of years ago at the State level that we should address both proponents of those bills which is the actual cost of the commodity itself and then how much of it that we actually consumed. What you have in front of you is a summary of a number of projects that were put together over time to address how much energy that we use and bills, upgrades in different facilities that help us lower our energy bills by lowering our energy consumption and that's what this represents. I draw your attention to the bottom of the first page showing you a reduction of about 11 million kilowatt hours of electrical consumption and if I can relate that to something it's about 20 percent of the energy that we consumed a couple of years ago when we really go these projects up and going. And that's money that you saved year and year again. The energy that you save when you implement something in terms of energy efficiency is ongoing. So that it's immediate. The savings accrue again and again until the project has paid for itself and then those energy consumption dollars then stay within a department's budget to be expended on other things. I don't know if anybody has any direct questions about it, I'd be happy to answer them.

Alderman Lopez stated I don't have any questions on this but for the future, how do you see the new generator going down at Singer Park going to assist you in this? Have you evaluated the two power stations that are going down there?

Ms. Parsons replied I've got to keep this as simple as I can. It's actually a two component...well it's three components with the idea of generation here in the City and part of it being associated with the ballpark. The first one is the tax base and that was one of the reasons that that idea was developed by Randy Sherman and the developer as a tax revenue issue. The second component of that project is the actual energy that will come out of that project and its ability to either bring revenue into the City in terms of the MAP program or help us lower our actual component costs of electricity. It is not going to be generation that runs all of the time, it will be generation that's run during the peak season which for New England is in the summer months and so we're looking at the different abilities and I can defer to the Mayor in terms of maybe he wants to add something here in his discussions that he's had.

Mayor Baines stated what I think you know the conversations that I've had with Mr. Fitzpatrick I think are indicating quite clearly that what we're doing here by continuing to support the aggregation program has put us in a very good position now as we begin dealing with these peak power facilities and I know he's going to be at the meeting tomorrow night and might available for some additional questions about that. He used to be the Secretary of Energy for the State of Massachusetts and I had quite an enlightening discussion because this is one topic that I think has perplexed many of us on this issue and I think it's starting to have some clarity and also starting to indicate that there was some good foresight into the development of this program, especially as its unfolding today. So I'm getting more and more comfortable with it as should all of us as the days and weeks come forward.

Alderman Lopez stated it is an enterprise fund. Could you mention something about the hydro \$140,000 that we invested?

Ms. Parsons replied I bring your attention to the comparative balance sheet page. If you look under the assets and under equipment the work in process line has \$140,000 in it and that was put in the MAP budget, it was our analysis and up front costs if you will in investigating the possibility of owning the hydro station here in Manchester. That money has sat there in that line item as the sale of all hydro and fossil fuel has actually been delayed at the State level. PSNH is currently using those assets, the energy generated those assets to offset the cost of power that they provide to us now. So they have a fixed rate that's going to continue for a couple of years for small commercial and residential customers and the low cost of that power is used to offset more expensive power. So that is sitting there, there is a

letter that I believe that Randy submitted to the board on tomorrow night's agenda to address that issue.

Alderman O'Neil stated Tina the program as has been successful but the one place that it got out of control at one time was consultants. Do we have that under control now?

Ms. Parsons replied yes Alderman. We are no longer participating at the State level in terms of rate hearings or any of that type of issue that does tend to drive up legal costs. I do have those consultants on kind of a retainer. They're there for when I need them. Presently I have a request for proposal for an electric...let me step back a second. February 1st our largest, because we are a city, there are a number of our accounts that are available for a competitive supply component. I put out a request for proposal both for electric and natural gas, and as a matter of fact I have the natural gas contract now, but it will expire in August. So that was part of the process and those folks are on call if you will, to help me analyze what we get back.

Alderman O'Neil asked okay but we're spending a minimal amount of money for consultants?

Ms. Parsons replied absolutely. Certainly not to the tune of hundreds of thousands of dollars.

Alderman Lopez stated one more question, in passing the resolution, how much money...I know previous years, how much money can she spend in passing this resolution? Not the \$850,000 because that includes other personnel if we were fully up and running. Do we have that number?

Mr. Clougherty replied you have the resolution before you on the agenda with a total of \$820,634 and I don't believe, Carol correct me if I'm wrong, is there a restriction on it?

Deputy City Clerk Johnson stated there are restricted funds for employee benefits at \$97,549, those are subject to the approval of the Finance Officer. There's a contingency amount of \$125,000, which is restricted subject to approval of the Board of Mayor and Aldermen. But it does set out salaries and wages at \$247,735, line items at \$240,350, capital outlay \$10,000, and incidentals at \$100,000. Those are not restricted according to what is being presented here this evening.

Mayor Baines asked what is the action required? Carol would you advise the Chair?

Deputy City Clerk Johnson stated it would be ought to pass and lay over unless you wish to make amendments at this time.

It was moved by Alderman Thibault, duly seconded by Alderman Forest, that the appropriating Resolution ought to pass and lay over.

Alderman Lopez stated when you say at this time would it be to restrict the amount of money that can be spent from that \$820,000?

Deputy City Clerk Johnson replied I do apologize to the committee there was a motion on the floor for ought to pass and layover Alderman Forest by Alderman Osborne, but in response to your question you could put further restrictions on the resolution. I think that until we have specific figures I would rather do that over the next week and then perhaps bring something back to you after Finance and Tina have gotten together and given us firm numbers as to what should be restricted. So I think for now there is a motion that was recorded as ought to pass and lay over so you could lay it over this evening and we would bring it back next week.

Mayor Baines stated why don't we call for a vote.

Alderman O'Neil asked so what we're going to get is just a little more detailed information on the resolution? Am I correct?

Mayor Baines replied that's correct.

There being no further discussion, Mayor Baines called for a vote on the motion that the resolution ought to pass and lay over. The motion carried unanimously.

Mayor Baines addressed Item 8 of the agenda:

Appropriating Resolution:

“A Resolution appropriating to the Manchester Transit Authority the sum of \$850,000 for the Fiscal Year 2004.”

On a motion of Alderman Thibault, duly seconded by Alderman Osborne, it was voted to remove this item from the table.

Mayor Baines stated the Clerk will advise the Chair.

Deputy City Clerk Johnson replied we need to read it by title only Your Honor.

On motion of Alderman O'Neil, duly seconded by Alderman Lopez, it was voted to read the appropriating Resolution by title only.

Deputy City Clerk Johnson stated we would need a motion that it ought to pass and lay over unless there are amendments Your Honor.

*Alderman Thibault moved that the Resolution ought to pass and lay over.
Alderman Forest duly seconded the motion. There being none opposed, the motion carried.*

Mayor Baines addressed Item 9 of the agenda:

Resolution establishing the boundaries and assessment for the CBSD:

“Continuation of the Central Business Service District.”

On motion of Alderman Smith, duly seconded by Alderman Forest, it was voted to remove the Resolution from the table.

On motion of Alderman O'Neil, duly seconded by Alderman Shea, it was voted to read the Resolution by title only.

Deputy City Clerk Johnson stated we need a motion that it ought to pass and lay over Your Honor unless there are amendments.

*Alderman Thibault moved that the Resolution ought to pass and lay over.
Alderman Osborne duly seconded the motion.*

Alderman Guinta asked have we amended the rate established?

Deputy City Clerk Johnson replied there has been no amendments to date. At this point in time the rate established is still the same as well as the boundaries of the district. And I did have a conversation with the Planning Director and he is suggesting that at this time the district boundaries remain the same because it would not affect this fiscal year anyway in terms of any development in the other proposed section and it would give you a year to work with the Central Business District advisory board to work out any suggested changes in the bond rates which would then affect the amount of the assessment.

Alderman Guinta stated we already know what changes we want to make. We already know how we want to increase the size of this district. I'm not sure why we need 12 months to work on that.

Alderman Forest stated could I just pass off some of your questions and I asked Bob MacKenzie earlier and I think Mr. MacKenzie has some comments that probably would enlighten us on all of this.

Bob MacKenzie replied thank you Mayor. Just two points. One is that pursuant to State statutes the board has to get a recommendation from the Central Business District Advisory Committee on expanding any districts. That group...it would not take 12 months, it could happen fairly quickly. If the board wished to expand the district, they could refer that to the committee, make sure it meets to get a recommendation back to the board fairly quickly. At the present time I would suggest that you do continue the district but you could during the year look to expand the geographic area. The second point is if you didn't expand the geographic area to include the Singer Park area, there would not be any completed projects that would contribute to additional taxes in fiscal year 2004. So there is not anything you would be losing if you did not do it tonight.

Alderman Guinta asked Bob who is on the committee that we need to refer this to by ordinance?

Mr. MacKenzie replied there are five members I believe. Those members are appointed by the Mayor and it is a group...we have tried to contact them and get a meeting set but two occasions have failed.

Alderman Guinta asked is this an active committee?

Mr. MacKenzie replied they only meet basically once a year to review the district and review the services offered in that district.

Alderman Guinta asked who is on the committee?

Mr. MacKenzie replied members of the committee are...just two that come to mind are John Madden and Doug Guimond I know are on the committee. I don't know off the top of my head the other members.

Alderman Guinta asked why wasn't this not brought up three months ago when we had the developers of the baseball stadium in front of us? And they were essentially agreeing at that time that they had no problem increasing the size...I don't think anyone on this board had a problem with it. Why didn't we do this in the last three months?

Mayor Baines stated Alderman O'Neil has a response partly to what you just said.

Alderman O'Neil stated I don't necessarily recall that the developer said he didn't have a problem.

Alderman Guinta stated absolutely. They sat here...what are you saying?

Alderman O'Neil stated they did not have a problem.

Alderman Guinta stated and I think that we actually would see a benefit in fiscal year 2004. I mean correct me if I'm wrong, but isn't there something in that area that if we did increase the size...I mean we already have received money from Keyspan I think, correct? And that land would be...and what about JakPac, are they?

Mayor Baines stated the Clerk wants to advise us on this.

Deputy City Clerk Johnson stated I'm not taking a position one way or the other in any of this but I guess I would just advise that the requirement of appropriating resolutions is not tied to this particular resolution. So if you wanted to either let it go until next week and then table it at the board level until such time as the CBSD meets and gives you that recommendation be it one way or the other, you could do so and not affect anything else in terms of the appropriations.

Alderman Guinta asked when can we have the CBSD then meet?

Deputy City Clerk Johnson replied the CBSD is a private entity in essence under ordinance so I guess I would have to defer to the Planning Director who is the person by ordinance more or less in charge of trying to gather them together and that he also holds the key to their purses. So I guess I would defer it to the Planning Director in terms of that trying to get them together, but I guess what I'm saying is you don't have to act on that under the same requirements of Charter that you do with the appropriating resolutions. So if it were to sit for a couple more weeks it would not make a difference.

Alderman Guinta replied okay and then I have one final question, well two final questions. A – the \$.64 cents per \$1,000 isn't necessarily accurate right now? Correct? I think the reason we tabled this in the first place is for...

Deputy City Clerk Johnson stated the Board of Assessors are the ones that determine what the assessments are in those boundaries.

Alderman Guinta replied right and we're putting in the \$.64 cents per \$1,000 figure...

Mayor Baines interjected in the existing boundaries what it would cost...

Alderman Guinta stated I know it's on the existing boundaries. The boundaries don't necessarily change the amount per \$1,000. Now I'm back on a different issue. Why...the reason we tabled this last time was because the \$.64 cents per \$1,000 was not an accurate figure. We don't know what the figure is.

Alderman O'Neil stated I think Alderman Guinta is right on that. I thought...I want to say the resolution is \$225,000...and I thought because of the value of the property that we might not need \$.64 cents, it could be \$.60 cents, I think it would be \$.59 cents or something like that.

Alderman Guinta stated it could be less than the current assessment for this year which I think is \$.56 cents.

Mayor Baines stated could we do what the Clerk suggested and pass this to lay over and then deal with this issue and work with the Planning Director to get these answers?

Alderman O'Neil stated can I just make a point and Alderman Guinta is absolutely right on what he's talking about. I would just caution the board that we should not expand the district for the sake of expanding it. Not too long ago we decreased the size of it because it was not providing a service to the north end of the district. So if we're going to expand it, we need to make sure that the people in that area are going to be getting service from it, and I haven't been sold on that yet.

Alderman Lopez stated I totally agree with Alderman Guinta and he's absolutely correct in everything he says. I do also...Your Honor I do also fully...that this thing was tabled for the assessment to come back and the Assessor's here and maybe he can give us numbers, but the point that I would like to make is at time goes on we ask for things and it's been done a number of times and we don't get the answers for whatever reason. We can't continue to operate that way. With all due respect to everybody when one of the Alderman have a question, that question must be answered as if we were sitting on the board. I would recommend Your Honor tomorrow night at the board meeting that we take a vote extending the district, to see if the will is there to extend and send that on to the appropriate people for them to meet and come back to us and give us why they won't or don't want to do it or whatever the reason is. But I think tomorrow night at the board meeting we should do that as Alderman Guinta is suggesting.

Mayor Baines stated Mr. Tellier.

Steve Tellier stated in response to the tax base within the district. We're in the processing of accomplishing that now. We quote values just I think it was about seven working days ago. In the mean time, the bills have been compiled, sent out, and received by taxpayers and we're in the process of reviewing the new construction or ongoing construction that's within the district. That was stated as an attempt to be accomplished expeditiously last time we met. So I still don't have that answer. The new assessor is coming on board July 7th but we should have an answer on that very shortly.

Mr. MacKenzie stated just to clarify the issue of the tax rate and the appropriation. Central Business Service District was unique several years ago. For much of its life, the downtown property owners wanted to have an upper limit. So in essence the board was passing a tax rate for that area. They said no more than \$.79 cents per \$1,000, we will not exceed that. Roughly two years ago, Intown Manchester came into the board and they said it makes it very difficult because we don't know what our budget is, so we'd like you to adopt a budget and therefore the tax rate will flex depending on what the assessment is. So the last couple of years, including what's proposed here, is an actual appropriation \$225,000 and the estimated tax rate of \$.64 cents will fluctuate depending on what the final assessment is for that district. So I wanted to clarify that up until two years ago there was a hard and fast tax rate, but that has been switched by the board so it's an actual appropriation like the rest of the appropriations.

Alderman Guinta stated then in line 4 we should not have \$.64 cents per \$1,000. It doesn't say here that it fluctuates. What we talked about tabling this at the last meeting, was amending that to change the language to say something to the extent of not to include, whatever their budget was, \$225,000 a year, so I have a couple of issues. Number one – this is a simple process. We're going to assess each parcel in the downtown area to meet the \$225,000 that is required for that specific area. So you're right in the sense of the number fluctuates, but in this resolution the number is not fluctuating.

Deputy City Clerk Johnson stated the Solicitor looked at that last year for you and they determined that it couldn't be...you had to set an assessment within this resolution when you passed it. It doesn't mean it has to be passed now...

Alderman Guinta replied that's fine but it should have additional language that specifies. I'll tell you what happens. Business owners downtown they see this and they say why is my assessment going to increase by .04, .05, .06, .07, .08 cents and I've got to explain to everybody because there's a little thing in the paper every year, this is what happens \$.64 cents and they rightfully so have an issue with that. I just want to be clear to the people that we're assessing that it's not \$.64 cents that

it's a fluctuating number and we should include language in the resolution that reflects that.

Mayor Baines asked Mr. Clark can you respond to that? The Clerk raised an interesting...

Tom Clark stated the way the statute is written is it does say that you have to set up what the assessment per thousand is in this resolution. That doesn't mean you can't have a note paragraph in there that says this amount will fluctuate based upon what the adopted budget and the assessed value. And as Carol has pointed out, there is no need for you to adopt this resolution next week. You could pass it, lay it over on the table tonight, and leave it on the board until we get that number.

Alderman Guinta stated that's fine with me. I do...next year I don't want...if for example the geographical size is going to change, I don't want to be in a situation where we can't act because we're not doing something by ordinance. We knew this months ago that this should have gone to this committee. I mean right now we can only name two people on the committee, there's a total of five on the committee, we don't know who is on the committee, we should have this done by now so we could have...basically we should have done our homework.

Mayor Baines stated I think the other members on the committee are Fran Cerullo, Sal Stephen Hubbard, and Tim Decker.

Alderman Guinta asked can we send them our recommendation?

Deputy City Clerk Johnson replied certainly.

Alderman Guinta asked geographical changes and do we plan on voting on that tonight or tomorrow night?

Mayor Baines replied tomorrow night. No not tomorrow night.

Alderman Guinta asked why not tomorrow night.

Deputy City Clerk Johnson replied after this meeting there is a special meeting of the board, the recommendations from the Finance Committee will be under the special board level and we could do it at that time because it's related to the resolution.

Alderman Guinta asked can I make a motion?

Deputy City Clerk Johnson replied I'll do it as a separate report in about 20 minutes when we get into the next meeting.

Mayor Baines stated why don't we just pass this and then deal with that at the regular meeting.

There being no further discussion, Mayor Baines called for a vote on the motion that the resolution ought to pass and lay over. The motion carried unanimously.

Deputy City Clerk Johnson noted the business presented to the Committee was concluded.

Mayor Baines stated we just did a quick calculation if you...in addition to the budget that's been moved forward tonight, if you implement the two other recommendations I made in my proposal, the tax rate will be reduced to about approximately 3.15 percent. I just thought I'd mention that.

Alderman Wihby stated you're right and back to that. I know Alderman Guinta had asked but, the letter that we got on May 27th or the one sheet that shows the 4.75 percent all the different recommendations. Could we have a letter from all of the departments the numbers that are changed due to the additional revenue or the expense or whatever?

Mayor Baines replied yes.

Alderman Wihby asked including the assessment number on what they're feeling is that before we vote?

Mayor Baines replied absolutely.

There being no further business to come before the committee, on a motion of Alderman DeVries, duly seconded by Alderman Pinard, it was voted to adjourn.

A True Record. Attest.

City Clerk